Mary M. Fowlie
Senior Vice President
Regulatory Affairs and Compliance / CRA

Standard Federal Bank
Member ABN AMRO Group

2600 West Big Beaver Road
Troy, Michigan 48084
248/637-2534
248/637-5016 Fax

167

July 20, 2000

Standard Federal

Manager, Dissemination Branch
Information Management and Services Division
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552

2000 JUL 25 A 11:53

Attention: Docket No. 2000-44

RE: Advanced Notice of Proposed Rulemaking
Proposed Regulations Regarding Disclosure and Reporting of CRA-Related Agreements

Dear Sir or Madam:

Standard Federal Bank ("Bank") appreciates this opportunity to share its thoughts on the proposed rules implementing provisions of the Financial Modernization Act published in the Federal Register on May 19, 2000 (Vol. 65, No. 98, Pages 31962-32002). These provisions (the Sunshine Rules) require non-governmental entities or persons ("NGEs"), insured depository institutions, and affiliates of insured depository institutions, to publicly disclose and report certain agreements made in fulfillment of the Community Reinvestment Act ("CRA") of 1977. This letter is written on behalf of all Standard Federal Bank entities that are subject to the provisions of the Community Reinvestment Act. The Bank is a federally chartered savings bank headquartered in Troy, Michigan. We are a wholly owned subsidiary of ABN AMRO North America, Inc. The Bank conducts business through a network of 184 Banking Centers, 12 Home Lending Centers and 978 ATMs in Michigan, Indiana and Ohio. We also operate a wholesale mortgage lending network in all 50 states. As of December 31, 1999, the Bank had assets of $19.6 billion and deposits of $11.4 billion.

The following comments are offered in hopes of bringing greater clarity to the rules and simplicity in the disclosure and reporting requirements.

1. Exemption for agreements which are transacted in the normal course of business

We believe that in order to achieve the purpose of the disclosure provision in the law, a clear distinction must be made between those agreements which have as their primary and direct purpose to advance the goals of the Community Reinvestment Act, and those agreements that are entered into in the normal course of business, whether or not a CRA purpose may directly or indirectly be affected. Such exemptions should include: a) transactions initiated by an insured depository institution, b) service agreements between an insured depository institution and consultants, attorneys, sellers of CRA products and services, c) insured depository institution relationships with standard business partners with which it may have both CRA and non-CRA dealings, such as Fannie Mae, Freddie Mac, PMI companies, and the Federal Home Loan Banks.

One way to achieve this differentiation would be to require in a covered written CRA agreement a specific statement of the contribution which each party to the agreement is to make, as it were the "quid-pro-quo" of the agreement.

2. Other Exclusions/Exemptions

- Community Development Financial Institutions ("CDFIs"). Federally chartered public corporations that receive federal funds appropriated specifically for that corporation are excluded from the definition of non-governmental entity or person. All CDFIs are certified as such by the Treasury Department, and because of the nature of their activities should by extension also be excluded from coverage.
- Lending or Investment Agreements which include public funding. Many creative or innovative loan and investment arrangements are put together with the participation of multiple parties, frequently including governmental agencies at the federal, state, and local levels, together with depository institutions and NGEs. Federal agency support, through programs confirmed by Congress, underscore the public benefit of such projects. The public support, complex nature, and multi-party participation in these projects should make them exempt from disclosure and reporting requirements.

3. Privacy Concerns and Proprietary Data

The very nature of the CRA agreement suggests that some benefit is made available by a depository institution or affiliate which exceeds what would be contained in a routine business arrangement. Whether this involves grant funds, interest rate reductions, underwriting flexibility, or any number of other possible concessions, should be a matter of confidentiality between the depository institution or affiliate and the non-governmental agency party to the agreement. Every agreement is arrived at based on the unique requirements and situation of the parties involved and should not be put forth as a standard for other agreements. What is effective and beneficial in one situation may not be so in another. Fairness to depository institutions engaged in a highly competitive industry and to non-governmental agencies entitled to privacy protections require that every effort be made to limit disclosure to the minimum extent consistent with the law.

4. Disclosure and Annual Reporting

A single report of a covered agreement should be sufficient to meet the purposes of the Act. Annual reporting is redundant and adds to the administrative burden of compliance.

5. Additional Points for Consideration

- A contact should not be considered a "CRA contact" for purposes of coverage if an NGE merely discusses with an insured depository institution whether certain types of loans, services, or investments are generally eligible for CRA consideration under the regulations.
- When a request is made to waive the disclosure requirement due to proprietary information and confidentiality, an insured depository institution should not be required to release the text of an agreement until a final determination is made by the agency.

- Add examples of CRA contact exemptions where application of more than one rule is involved, such as where there is CRA contact but the agreed upon loan is exempted from coverage.
- The Sunshine Rules, involving record-keeping, disclosure, and reporting, do not change the substantive requirements of the Community Reinvestment Act, and therefore should not be incorporated into the CRA regulation. Such inclusion could contribute to confusion on the part of the public as to the true scope and purpose of the CRA.

We appreciate the opportunity afforded to us to comment on the proposed rule, and hope that these comments will contribute to the creation of a final rule, which will avoid undue burden, excessive costs, and disruption of CRA business.

Very truly yours,

Mary M. Fowlie